

Staying connected

MoDOT & Patrol Employees' Retirement System

| December 2015

MPERS Celebrates 60 Years



Through the passage of SB 66, eligible employees of the Missouri Department of Transportation and the Missouri State Highway Patrol became members of the MoDOT and Patrol Employees' Retirement System (MPERS) on September 1, 1955.

The System processed its first 109 retirements on October 1, 1955.

For the first 35 years of its existence, the retirement system was operated as a unit of the State Highways Commission. Highway staff was assigned on a part-time basis to carry out the System's business.

In 1988, the first executive director position was established. As the membership base and the assets of the system grew, it became clear that full-time staff would be required to provide continuity and direction to improve and advance the System. Since that time, critical staff positions have been added – assistant executive director, chief investment officer, general counsel, and chief financial officer. Today, the system employs 16 full-time staff.

In August 2002, a building was purchased to provide a permanent home for the retirement system and provide a comfortable, accessible environment for members to meet with staff to discuss their benefits.

As of June 30, 2015, MPERS serves over 18,000 members and beneficiaries and has over \$2 billion in assets.

A detailed [History of the System](#) can be found online under **About MPERS** or by clicking on the 60th Anniversary seal above (if you are viewing the electronic newsletter).

Annual Tax Withholding Notice

The Tax Equity and Fiscal Responsibility Act of 1982 requires that MPERS remind you each year that the monthly benefit payments you receive from MPERS are subject to Federal tax withholding. If you claim residence in Missouri, your benefit payments are also subject to state tax. MPERS will only withhold Missouri income tax at your request.

- You may change your Federal and Missouri State tax withholding election [online](#) through **myMPERS Secure Access**, or by completing a new **W-4P Substitute** tax withholding form, which is available on MPERS' website.
- MPERS does not withhold state taxes for any state other than Missouri. If you have questions regarding state taxes where you live, we recommend that you contact the appropriate state and local tax authorities in your state.
- For your convenience, a tax withholding calculator is available on MPERS' website [for estimate purposes only](#). The calculator should NOT be construed as tax advice.

No action is required. MPERS must notify recipients each year that their benefits are subject to taxes.

New Logo and New Website

The 60th Anniversary provided a good opportunity to update our logo and website. If you haven't been online lately, we encourage you to check it out.

The screenshot shows the MPERS website homepage. At the top, there is a banner for the 60th anniversary. Below the banner, the MPERS logo and slogan "Serving those who keep us safe." are displayed. The main navigation menu includes links for Home, Members, Retirees, Employers, Trustees, Investments, and About MPERS. To the right of the menu, there is a search bar and a sidebar with various links for Retirement Benefits, Disability Benefits, Forms, Publications, e-Learning Videos, Tools and Calculators, Pre-Retirement Seminars, Calendar of Events, Board Meeting Summaries, a question-and-answer section, and information on how MPERS is doing.

Need to update your mailing address?
Simply log on to **myMPERS** Secure Access
and make the change.



Understanding Your 1099-R

Before we can print 1099-Rs, all 2015 payments (and adjustments) must be balanced. This process cannot be completed until all December benefit payments (and adjustments) have cleared. Since we only have one accountant, this process takes time.

- **1099-R tax forms will be available and mailed to you by January 31st**

You will receive a separate 1099-R for each type of benefit payment you received from MPERS in 2015 (e.g. monthly benefit payment, BackDROP distribution, survivor benefits, etc.). Once your 1099-R has been mailed, the information will be available through **Secure Member Access** on MPERS' website (www.mpers.org).

- **Year-to-Date Medical Premium Information**

For your convenience, the 1099-R contains the total medical, dental, and vision premiums that were deducted from your 2015 monthly benefit payments from MPERS (*if applicable*). The amounts do **not** include any refunds or manual premium payments.

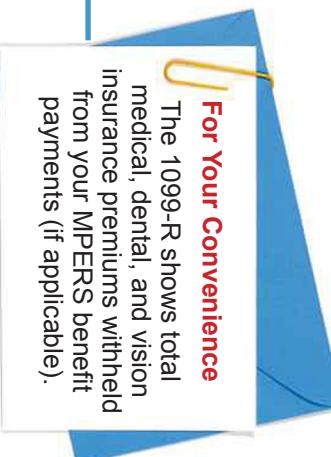
Notable Sections of Your 1099-R

Distributions from pensions, annuities, retirement or profit-sharing plans, IRAs, insurance contracts, etc. Account No. (see instructions)	2015 133336	OMB No. 1545-E-0119 FORM 1099-R CORRECTED (if checked) <input type="checkbox"/>								
FOR INFORMATIONAL PURPOSES ONLY										
<p>The following 2015 premium information is provided for your convenience. These totals only reflect what was withheld from your MPERS benefit (<i>if applicable</i>) and does not include any refunds or manual premium payments.</p> <table border="1"> <thead> <tr> <th colspan="2">Total Withheld for 2015</th> </tr> </thead> <tbody> <tr> <td>Medical Insurance Premiums</td> <td>\$ 3,432.00</td> </tr> <tr> <td>Vision Care Premiums</td> <td>\$ 138.60</td> </tr> <tr> <td>Dental Care Premiums</td> <td>\$ 612.24</td> </tr> </tbody> </table>			Total Withheld for 2015		Medical Insurance Premiums	\$ 3,432.00	Vision Care Premiums	\$ 138.60	Dental Care Premiums	\$ 612.24
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MoDOT and Patrol Employees' Retirement System 1913 William Street PO Box 1930 Jefferson City, MO 65102-1930 PAVER's federal identification number 44-6008203	RECIPIENT's name, street address, city, state, and ZIP code John E Retiree 123 N Main St Jefferson City, MO 65109	RECIPIENT's name, street address, city, state, and ZIP code John E Retiree 123 N Main St Jefferson City, MO 65109								
1 Gross distribution \$45,600.00	2a Taxable amount 1 \$42,480.00	4 Federal income tax withheld 2a \$3,532.20								
2b Taxable amount not determined Total distribution 5 \$3,140.00	4 Total distribution credits 5 7	7 Distribution credits 5 7								
9a Percentage of total distributions 12 State tax withheld \$1,200.00	9b Total employee contributions MO-0040243266	13 State/Payer's state no. MO-0040243266								

Copy B - Report this income on your federal tax return. If this form shows a federal income tax withheld in Box 4, attach this copy to your return.

This information is being furnished to the Internal Revenue Service.

Sample 1099-R
(for illustrative purposes only)



Once your 1099-R has been mailed, the 1099-R information will be available online through the **myMPERS** secure site.

Box #	Description of Amount
1	Gross Distribution: Total amount paid to you by MPERS in 2015.
2a	Taxable Amount: Portion of your total benefit received that is considered "taxable income." (<i>Amount may be different from Box 1 if you purchased service credit before retirement - see Box 5.</i>)
4	Federal Income Tax Withheld: Total amount of Federal income tax withheld from your MPERS benefit payment in 2015.
5	Employee Contributions: Difference between Box 1 and 2a. Portion of amount paid to purchase service that is excluded from your taxable amount (<i>if you purchased service before retirement using after-tax dollars</i>).
7	Distribution Code(s): The code identifies the type of benefit paid (e.g. retirement, BackDROP, survivor, etc.). Codes are listed on the back of the 1099-R form.
12	State Tax Withheld: Total amount of Missouri State income tax withheld during 2015 (<i>if applicable</i>).

The information in this newsletter does not amend or overrule any applicable statute, Internal Revenue Code, or administrative rule.

In the event of conflict, the applicable statute, Internal Revenue Code, or administrative rule will prevail.

Important Reminder of Annual Deduction Changes

Each December and January, we receive calls from benefit recipients asking – “**Why is the amount of my benefit payment different?**” Below are the most common reasons why your net benefit (after taxes/deductions) might be different in December and January.

Type of Deduction	Month You Will See the Change
Medical Premium	December
Vision/Dental Premium	December
Federal Tax Withholding	January



MPERS will send you a letter anytime the amount of your benefit payment changes.



Deductions That Change Each **December**

MoDOT/MSHP Medical Premiums

If you have questions regarding your medical premium, please call (877) 863-9406, Option 3.

- The new 2016 medical insurance premiums begin with your **December 2015** benefit payment.
- Reason it changes in December:** The premium you pay one month is for the following month's insurance coverage. For example, the premium deducted in December is for January coverage.



Dental/Vision Premiums

(through Missouri Consolidated Health Care Plan)

If you have questions regarding your dental or vision premiums, please call (800) 487-0771.

- The new 2016 dental and vision insurance premiums begin with your **December 2015** benefit payment.
- Reason it changes in December:** The premium you pay one month is for the following month's coverage. For example, the premium deducted in December is for January coverage.



Deductions That Change Each **January**

If you have questions regarding your Federal or Missouri State tax withholding, please contact a tax professional.

Federal Tax Withholding

- The IRS generally changes the federal tax withholding tables every **January**.
- The new tables will be used to calculate your deduction if your withholding election is based on marital status and number of allowances (e.g. single with 1 allowance, married with 2 allowances, etc.).



Have Benefit Questions?

List of Contacts

Monthly Retirement Benefit

Contact MPERS

Phone: (800) 270-1271

www.mpers.org

Medical Premium or Coverage and Optional Life Insurance

Contact Employee Benefits

Phone: (877) 863-9406 (option 3)

<http://www.modot.org/newsandinfo/benefits.htm>

Health Savings Account (HSA)

Contact Health Equity

Phone: (866) 346-5800

<https://my.healthequity.com/HE.aspx>

Dental/Vision

Premium or Coverage

Contact MCHCP

Phone: (800) 487-0771

www.mchcp.org

Reminder of Potential Federal and Missouri State Tax Reductions

INCOME
TAX

Tax time is fast approaching. For your convenience, this page provides a list of potential ways you might be eligible to reduce your Federal and/or Missouri State tax liability when you file your annual income tax return. If you have questions regarding these potential reductions or your taxes in general, please contact a tax professional or the Missouri Department of Revenue. MPERS staff cannot answer your tax questions.

Pension Protection Act of 2006 (for retired public safety officers)

(The total health insurance premiums paid are available on your 1099-R tax form and December payment stub.)

The Pension Protection Act of 2006 allows retired public safety officers to exclude up to a maximum of \$3,000 in health insurance premiums made from your eligible retirement plan. A **public safety officer** is defined as a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

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Potential Missouri State Tax Reductions

Public Pension Reduction

Married couples with Missouri adjusted gross income less than \$100,000 and single individuals with Missouri adjusted gross income less than \$85,000, may deduct the greater of \$6,000 or 100% of their public retirement benefits, up to the Social Security limit. Those with a Missouri adjusted gross income greater than the amounts listed above may qualify for a partial reduction.

Social Security and Social Security Disability Reduction

Married couples with Missouri adjusted gross income less than \$100,000 and single individuals with Missouri adjusted gross income less than \$85,000, may deduct up to 100% of taxable Social Security and Social Security Disability Benefits. Those with a Missouri adjusted gross income greater than the amounts listed above may qualify for a partial reduction. **Individuals must be at least age 62 to qualify for a Social Security reduction.**

Qualified Health Insurance Premiums Subtraction

Qualified health insurance premiums you paid (including those withheld from your pension benefit) may be used to reduce your Missouri adjusted gross income. Do not include any pre-tax premiums paid, any premiums excluded from Federal taxable income, or any long-term care insurance premiums. A worksheet is included with the MO-1040 and MO-A instructions that should be used to determine the allowable subtraction. (The total medical premiums paid are available on your 1099-R tax form and December payment stub.)

Public Safety Officer Surviving Spouse (SSC) Tax Credit

Any surviving spouse of an eligible public safety officer (includes highway patrolman, commercial motor enforcement officer, and water patrol officer), who was killed in the line of duty, may be eligible for a credit against the tax due under Chapter 143, RSMo., excluding withholding tax, equal to the amount of property taxes paid on their homestead.

The credit may be claimed for the tax year beginning the year of the death of the public safety officer until the surviving spouse remarries. To claim the credit, attach forms MO-SSC or MO-TC to your individual income tax return.

Missouri Tax Assistance Information

Phone Numbers

(800) 906-9887 or (888) 227-7669

Email

income@dor.mo.gov

General Website

<http://dor.mo.gov/personal/individual/>

Changes - What's New?

<http://dor.mo.gov/personal/whatsnew/>

Personal Tax Contact Information

<http://dor.mo.gov/contact/personal.php>

Eligibility Chart for Pension Exemption and Social Security/Social Security Disability Deduction

<http://dor.mo.gov/pdf/pension.pdf>

Missouri Property Tax Credit Eligibility Chart

<http://dor.mo.gov/pdf/proptax.pdf>

Miscellaneous Tax Credits

<http://dor.mo.gov/taxcredit/>

Forms and Manuals

<http://dor.mo.gov/forms/index.php?category=3>

Tax Calculators

<http://dor.mo.gov/calculators/>

Frequently Asked Questions

<http://dor.mo.gov/faq/personal/indiv.php>